

Globalization after Copenhagen and the Financial Crisis

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The Sociology of Globalization discusses dimensions of globalization from media and identity to migration and social movements, from history to theories. It also argues that environment, economics and politics are things that any sociologist who aspires to understand society needs to pay attention to. These dimensions affect society. They are not outside it.

Recent developments such as the Copenhagen climate talks and the financial crisis raise possible conclusions about globalization: 1) they appear to demonstrate the reality of global interdependency; 2) they suggest a crisis for the neoliberal type of globalization that seems to have been behind such problems; and 3) they show the need for global governance to tackle climate change and regulate the economy.

Interdependency – global but uneven

It's true that climate change and financial crisis demonstrate global interdependency. But they also involve great unevenness. The financial crisis was global. Events in one small part of the world had global repercussions. But how global was it? It had origins at a local level, in the US sub-prime mortgage market and in irresponsibility and lack of political regulation in US lending. Some countries have been more affected and taken longer to come out of recession, like the UK and Spain because of their financial bias or housing markets. Other parts of the world were less affected. China and Brazil are two significant economies that experienced less upheaval. Or areas have been affected differently - for instance through the impact being on exports or aid rather than finance. Countries also responded differently. Some like the US and UK poured money into their economies. Others, like Germany, were more cautious.

So, global interdependency has been shown in the economic crisis - but with local differences in its origins and effects, more than homogenisation or evenness. Similarly climate change has effects across the world. But these are greater in some areas, such as African countries and low-lying islands, whose carbon emissions are often quite low. At the same time, out of nearly 200 countries in the world just two – the USA and China - produce 40% of the world's carbon emissions. The effects and origins of climate change are also uneven.

A crisis for neoliberal globalization?

Has the credibility of neoliberal globalization been damaged by climate change and the financial crisis? Many say these were caused by individualism, lack of regulation, short-termism and risk – all characteristics of neoliberal types of capitalism in the Anglo-American world. During the economic crisis, economies that are more regulated, state-interventionist and social, of a German or Japanese type, gained the edge in arguments about how to organise capitalism. For some, globalization is the spread of neoliberalism. So if the credibility of neoliberalism is damaged this also means that globalization is under threat.

Opinion polls show that the public is appalled by the greed and irresponsibility of bankers, and to be paying the price for this with cuts to their jobs and public services. If neoliberalism is to be challenged in favour of more social and regulated types of capitalism there is no better chance than in the context of climate change and financial crisis. However public criticism has been personalised, aimed at greedy bankers, irresponsible borrowers and weak politicians rather than structures or systems. Politically there has been no systematic attempt to shift away from neoliberalism. Governments have bailed out capitalism with big injections of finance, rather than reconstructing it. Banks are determined to continue paying bonuses that encourage risky and individualistic behaviour. There was no greater opportunity to challenge neoliberal capitalism than the financial crisis, but it has survived intact.

Towards global governance?

Both climate change and the financial crisis appear to have shown the need for global governance. They are global problems, which require the combined action of many governments rather than just national solutions. However this hasn't happened. The financial crisis was tackled by reflation at a national level, rather than regulation globally. And this was effective, bolstering the credibility of nation-state politics.

The crisis was linked to the irresponsibility of finance and deregulation. Common taxes and regulations on finance could have been introduced across nations by global agreements, but governments didn't pursue this. If this crisis didn't provide a basis for more global governance, in pursuit of the responsibility of capital to society, it's difficult to see what will.

The failure of global agreement at Copenhagen, meanwhile, has been blamed on weak-willed leaders. But it was caused by structures as much as personnel. One typical problem in global governance is that it involves many actors with conflicting interests. At Copenhagen 195 countries seated round a table couldn't find a common position. Another problem is that powerful actors can wreck the whole thing by their recalcitrance. In the past on climate change this has been the USA. We are told that this time it was China. These problems are as much to do with this kind of structure as with individual leaders.

Before Copenhagen countries like Australia said there was more chance of national governments finding solutions and enforcing them than of this happening globally. National levels are where agreements can be made and sanctions are enforceable. At the same time, agreements on economic issues, carbon emissions, and disarmament, for instance, need to be made above national levels. But the lack of a basis for this in global governance, means that above-national but below-global arrangements may have to be where this happens

Pre-Copenhagen President Obama sought bilateral agreements on climate change with countries like China and India. After Copenhagen commentators argued that solutions need to start at local and national levels, where there are people pursuing carbon reductions, or with enough in common with others to make agreements with them. Such below-global attempts to pursue alternatives nationally and in international alliances have also been pursued by politicians like President Chavez of Venezuela.

So, in the case of two major crises that seem to call out for global regulation, below-global and bottom-up seem as effective approaches as global and top-down. Copenhagen and the economic crisis have left us with an unevenly globalised world, with neoliberalism over a crisis which it seemed could have defeated it, and with national and bilateral government as important as global governance.